

More autonomy for Cuba's state-owned enterprises



Workers in a state-owned beverage factory (Source: [Anagoria/Commons/CC-BY-SA 3.0](#))

Shortly before the turn of the year, Cuba passed a far-reaching reform of its state-owned enterprises. Decree 138 ([PDF](#)), published in the official gazette on Saturday, allows state-owned enterprises to set their own salaries for the first time across the board, without having to adhere to central guidelines. The reform is a preliminary step toward a comprehensive [corporate reform](#), which has been postponed again this year due to the current crisis.

As the news portal [Cubadebate reports](#), the regulation transfers the authority to approve employee wages to the corporate system. This eliminates the obligation to adhere exclusively to the uniform salary scale and centrally defined job descriptions of the Ministry of Labor. The measure represents a decentralization of powers and personnel management and “puts all economic actors in a comparable position to decide on essential matters,” according to Guillermo Sarmiento Cabañas of the Ministry of Labor. The aim is to increase productivity and efficiency, thereby increasing the contribution to the state budget.

Trials show clear successes

The new decree makes a regulation on general policy that has already been applied on a trial basis since 2021 and, according to the ministry, has shown concrete and sustainable results in terms of productivity, profits, and salaries.

Sarmiento [explained](#) that in the approximately 100 companies that were already using the system, average productivity was 14,000 pesos higher than in the rest of the state-owned companies.

The average salary in these companies reached 9,558 pesos – more than 2,000 pesos above the general average. According to data collected in September, the companies that have participated in the reform so far, representing around 45 percent of the state-owned enterprise system, generate more than 64 percent of sales and 71 percent of profits in the state-owned enterprise sector.

Scope for creativity with protective mechanisms

The new regulation empowers companies to design a salary structure tailored to their specific local needs. This includes the internal salary scale, the list of positions and their evaluations, and additional payments. The system must take several principles into account: Equality for work of similar complexity, differentiation according to different conditions and results, payment according to the quantity and quality of work, and linking to company results.

A new principle of minimum protection has been introduced. This guarantees that the fixed salary may not be below the national minimum wage or below the basic salary that the employee received in the previous year, explained Sarmiento. This represents stronger protection than the previous regulation.

The authority to approve exceptions to the application of the decree has been transferred to the heads of the higher-level corporate management organizations. In addition, companies may increase the amounts of some additional payments or create new ones linked to length of service or special skills.

Special regulations for strategic areas

The decree provides for differentiated treatment for strategic sectors, as reported by the party newspaper *Granma*. High-tech companies are measured on the basis of their own business model indicators, without being measured by their contribution to the state budget.

For example, the performance of export-oriented companies will be assessed on the basis of physical indicators in order to isolate them from price fluctuations on the world market. Another innovation is that the decree extends performance-related pay systems to all employees of the company. At least 30 percent of the wage fund must comply with this concept.

According to the decree, companies must generally transfer at least 60 percent of their profits (after taxes and reserves) to the state budget. For certain sectors (e.g., agriculture, energy, transport), a reduced transfer of at least 50 percent applies. This reduced rate also applies to companies that invest 25 percent of their profits in reserves through the purchase of government debt.

Participation and control

According to Sarmiento, the planning of companies' wage funds must not reduce the agreed contribution from the return on government investment to the budget. If the company guarantees the growth of this contribution in its plan, it can plan an increase in the wage fund. If it does not meet the targets, the wage fund will be adjusted, with the basic salary always remaining protected.

As Sarmiento emphasized, the application of the new regulation is not a unilateral decision. The new wage system must be approved by the head of the company after evaluation by the management board and in agreement with the relevant trade union organization. In addition, it must be analyzed at the general meeting of employees and included in the collective agreement to ensure employee participation and transparency.

The decree came into force on Saturday when it was published. ([Cubaheute](#))